

24 COMMITMENTS AND CONTINGENT LIABILITIES (continued)

The Company and certain subsidiaries are among many defendants named in a large number of court actions brought in the USA, and a smaller number of court actions brought in the UK, relating to alleged asbestos-related diseases. Because of the slow onset of such diseases the directors anticipate that similar claims will be made in future years. The expenditure which may arise from such claims cannot be determined. Accordingly, provision is made only in respect of the estimated cost of meeting claims notified and outstanding at each accounting date.

As at 31st December 1990 the Company and certain subsidiaries were named as defendants in 39 property damage cases (some of which are class actions) pending in federal and state courts in 14 jurisdictions in the USA. In all but two of such pending cases an average of 37 defendants are named. The company is one of two defendants remaining in an action brought by Prudential Insurance Company of America in relation to the Prudential Center in Boston. It is alleged that asbestos-containing materials installed in that building many years ago created a hazard requiring remedial action. Compensatory damages of \$75m are claimed. A similar claim for \$85m compensatory and \$100m punitive damages has been brought by Chase Manhattan Bank in relation to its headquarters in New York. The substantive allegations of each of the claims have been denied. These actions are being defended vigorously. Legal advice indicates that there are defences to these claims. Based on such advice, the directors believe that the ultimate outcome of the pending actions is unlikely to have a material effect on the Group's financial position. Accordingly, no provision, save for legal costs, has been made in the accounts for the year ended 31st December 1990.

Contingent liabilities also exist in respect of guarantees and contingencies arising in the ordinary course of business, including guarantees and cross-guarantees given by the Company and its UK subsidiaries to support certain Company and Group bank borrowings.